

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2515

ANSWERED ON:07.03.2003

CREDIT FOR SELF EMPLOYMENT PROGRAMME

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Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

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(a) whether thousands of applications for providing credit assistance for self-employment programme in the rural areas are pending clearance with the nationalised banks;

(b) if so, the State-wise, number of such applications pending with the nationalized banks particularly in Bihar;

(c) the reasons for delay in clearing these applications; and

(d) the steps taken by the Government to expedite clearance of the pending applications ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) & (b): During the recent Conference of the State Ministers of Rural Development, Panchayati Raj and Public Works convened by Ministry of Rural Development on 27-28 January 2003, some of the participants raised the issue of delays in sanction, gap between the sanction and disbursement of loans and high rate of rejection of loan proposals by Banks under the Swarnajayanti Gram Swarozgar Yojana (SGSY).

RBI has reported that during 2001-02 under PMRY, Public Sector Banks received 4,19,771 applications, out of which 2,22,542 application were sanctioned and 57,218 applications were pending. The rejection rate worked out to 47%. Under SGSY scheme out of 1,56,393 applications received as on September, 2002 (both Self Help Groups and individuals combined) by Public Sector Banks (PSBs), the number of loans sanctioned stood at 81091 and the number of rejected application was 17582, which works out to 11.24%. RBI has further reported that the reporting systems under Swarna Jayanti Shahari Rozgar Yojana (SJSRY) do not generate data relating to details of applications pending or rejected. However, the position with regard to pending applications in PSBs in the State of Bihar under self-employment programmes is given below:

Name of the Scheme	No. of applications pending
Swarnajayanti Gram Swa-rozgar Yojana	14979
(As on 31.12.2002)	
Scheme for Liberation and Rehabilitation of Scavengers	616
(As on 31.12.2002)	
Prime Minister`s Rozgar Yojana	4958
(As on 30.11.2002)	

(C) & (d): Government and Reserve Bank of India (RBI) constantly review, monitor and evaluate the progress under the SGSY scheme. The performance of the Banks in regard to sanction and disbursement under the SGSY is also critically reviewed in different fora such as District Level Review Committee (DLRC) and the State Level Bankers Committee (SLBC) etc., where besides the representatives of RBI, implementing Banks, representatives from concerned State Govt. Departments participate. In addition, the progress of implementation of the scheme is also reviewed by a Monitoring Cell under the chairmanship of Deputy Governor in RBI. The major factors leading to delays in sanction/ disbursement of loans are as follows:

(i) Non-sponsoring of viable loan applications;

(ii) Lack of necessary infrastructure and backward/ forward linkage such as marketing of produced goods, etc.

- (iii) Delay in submission of required documents and completion of prescribed formalities by borrowers.
- (iv) Delay in allotment of shed, power connection, water supply, etc. and
- (v) Poor recovery position.

However, RBI has been advising Banks periodically for further streamlining the financing and in its recent circular dated 4 July 2002, has advised the Banks to dispose off the pending applications within the prescribed time limit of 15 days to reduce the period between loan sanction and disbursement, ensure greater coordination of work at the block level between bankers and Government functionaries, avoid under financing, ensure participation in block and district level meetings and make all efforts to improve recoveries under the scheme.